

FROM THE FRONT

Stimulating times: A look at three Triad stimulus contracts

The overall merits of the \$787 billion federal stimulus package likely will be debated by taxpayers and politicians for years to come, but it has clearly had an impact on individual companies and agencies that got work as a result of it. *The Business Journal* decided to pick at random three stimulus contracts awarded in the Triad and follow the money. The results are below.

Welcome relief

MOUNT AIRY — For David Rowe, president of Smith-Rowe Inc., the \$15.2 million stimulus road project in King he won last year is plugging a hole, allowing his company to save jobs and even add a few in a tough economy.

To his subcontractors, it might have meant even more. Prior to the stimulus bill being passed, Rowe said, the amount of available work the Mount Airy-based bridge contractor could bid on had been slowing for some time. And heavy competition meant competitors were bidding 18 percent to 30 percent below the state's estimated cost for projects

Name: Smith-Rowe Inc.
Location: Mount Airy
No. of employees: Approx. 60
Stimulus project: \$15.2 million to widen Tobaccoville Road and reconstruct the U.S. 52 interchange in Forsyth and Stokes counties

— making it hard not only to win projects, but also to turn a profit. Rowe said he found out about the N.C. Department of Transportation's stimulus-funded project in King — widening Tobaccoville Road and reconstructing the U.S. 52 interchange in Forsyth and Stokes counties — through DOT's advertisements, and submitted his winning bid online.

According to DOT records, Smith-Rowe beat out nine other firms in March, bidding \$15.2 million — 15.6 percent below the state's estimated cost.

Rowe said winning the King project allowed him to retain about 15 crew members, as well as hire five additional workers for the project, which is scheduled to wrap in August 2011. That's important to a firm that has gone from a peak of 110 employees down to 60.

That work also trickled down to his subcontractors. One firm, Greensboro-based Atlantic Contracting Co., was brought on board to do about \$545,000 worth of curb and gutter work. That allowed it to hire five people, said Niveen Kattan, owner of Atlantic.

She said that between the King job and several other stimulus projects, the company has been able to bring back about 15 laid off employees and hire another 15. It also has been able to buy about \$200,000 worth of equipment, such as curb machines and excavators.

"(Stimulus work) helped keep us in business basically," she said. "If we didn't have stimulus, I don't know if we'd still be here. We have very slim (profit) margins, but it keeps our doors open, our employees working."

Rowe said his company has hired at least eight subcontractors like Atlantic to help on the project. Altogether, he said, subs will receive about 45 percent of the contract,

or \$6.8 million.

Of course, getting a portion of federal funds also meant three inches of paperwork to make sure Smith-Rowe and its subs were in compliance.

But Rowe said the paperwork, once done, wasn't so bad, especially if it meant getting a job and avoiding any more layoffs. "We're all glad to have anything to do, and if the stimulus money will help us do that, then that's good," he said.

— *Laura Youngs*

Paperwork blues

GREENSBORO — John Lomax didn't know the contract that he bid on last spring to build a new fire station at Piedmont Triad International Airport was a stimulus-funded project at the time. Now that he's been through the process, he'll think twice about pursuing any stimulus projects again.

"I would shy away from it just because of the paperwork," said Lomax, the company president. "We've been pretty fortunate through the recession so we're not desperate for work, so if I were offered another I'd think long and hard first."

Name: Lomax Construction
Location: Greensboro
No. of employees: 22
Stimulus project: Construction of a \$4 million fire station at Piedmont Triad International Airport

Lomax Construction

is about on schedule with construction of the 20,000-square-foot station despite numerous weather delays, Lomax said. He's expecting to have the building finished in May.

It's not that the job isn't a plum contract. Lomax won the job against several competitors with a bid of about \$4 million. The only contract Lomax has had over the past year of the same scale is for the new football stadium field house at Elon University, also around \$4 million.

And it's not that construction isn't providing any stimulus. Lomax Construction has only a single superintendent managing the project, Lomax said, so his firm itself didn't create or save any jobs. But about 85 percent of Lomax's bid costs are for subcontractors, and with relatively few other big jobs available for subs to work he said jobs likely were preserved at that level, though he did not know how many.

What has soured Lomax on the experience is the bureaucracy. There has been no real difference in how his firm went about getting the job or performing the work, but the reporting requirements have been overwhelming to his staff. Most frustrating, he said, is that much of the paperwork seems unnecessary.

For example, he said he's having to track minute costs and provide detailed receipts for materials to the government even though the job was awarded as a lump-sum contract, not a "cost-plus" job. That would seem to make such reporting irrelevant to the stated goal of guarding against the waste of taxpayer money.

"It's sort of ridiculous," Lomax said. "It's a major has-

tle, and it takes resources away from things that would actually be productive."

— *Matt Evans*

Helping others

GREENSBORO — Lillian Plummer knows the \$2.7 million grant to the Guilford County Workforce Development Board didn't spur direct job creation as much as, say, a big construction project.

But Plummer, the board's executive director, sees the potentially long-term stimulative effects of the one-time grant, as it allows her agency to help others find jobs and training. The Development Board received the grant last April to create the first summer youth employment program and hire about 14 new employees, who counsel and train job seekers and meet with local employers to identify job opportunities.

The board has an annual budget of about \$2 million from federal Department of Labor funding. But its staff has been stretched thin dealing with double-digit unemployment. During fiscal year 2009, which ended last July, the staff served 800 people. They're projecting 1,500 for fiscal year 2010.

The board has already hired four new people in conjunction with local contractors it works with — Goodwill Industries, IT Training & Solutions and Survival Skills Education & Development. Those organizations work with laid off mid-level managers, the underemployed and those needing computer training.

While funding for those jobs runs out in December 2011, Plummer said the board is looking at its annual operating budget to see if it might retain them after that.

Plummer said the board will also hire about 10 new employees next month. They'll help the newly unemployed with resumes and applications, offer career counseling and visit employers looking for job creation opportunities.

The stimulus grant also paid for a summer employment program last year for 620 young people ages 15 to 24, and 15 employees were temporarily hired to oversee that program. Plummer is hopeful Congress approves funding for another program this year.

"Anytime you can give 600 young people something to do besides stand on the corner, it saves you money in the long run," Plummer said. "They had to be in the classroom too, learning about the world of work."

— *Steve Ivey*

LABCORP: Proximity to LabCorp's headquarters in Burlington played big role in decision

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restructurings.

Among other big recent wins for the area in the job shuffle sweepstakes are the new Precor fitness equipment factory in Guilford County, which is taking over and expanding production from a factory closing in California, and Mack Trucks, which is moving its headquarters and an expected 493 jobs to Greensboro from Pennsylvania to a location near sister company Volvo Trucks North America.

Consolidations aren't always a win, though. Dell, for example, is in the process of closing its factory in Winston-Salem and eliminating 900 jobs, with some of that production expected to move to

Mexico. Last summer, jeweler Carlyle & Co. announced 90 layoffs in Greensboro as it focused administrative functions in New York.

LabCorp officials were not available to comment on the new facility by press time, but the billing-function consolidation is part of an overall efficiency drive by the grant firm, which has more than 28,000 employees around the world, including 3,300 in the Triad.

In the company's October conference call with analysts, CEO David King said in response to a question about moves to close or downsize lab facilities in Virginia and Kentucky that efficiency is a continuing goal.

"In the next couple of years we will continue to look hard at all of our facilities and

seek opportunities for rationalization," he said.

That's standard practice for companies of all kinds in this economy, said Dan Lynch, president of the Greensboro Economic Development Alliance. Consolidations often move workers closer to corporate home bases, which helped Greensboro in the case of LabCorp.

"They had a certain driving time from the corporate headquarters that they were willing to look at, probably as far south as Charlotte and as far north as Danville," Lynch said. "We were fortunate to be able to demonstrate that our community had not only the number of employees, but the skill sets they would need."

While some of the new jobs will require particular degrees or backgrounds, Lynch

said the majority would be accessible to people with no more than a high school education and specific training that LabCorp will pay for. The jobs will offer traditional benefit packages, he said, which would bring the total value of the average compensation package above \$30,000.

With so many people out of work, even jobs with below-average pay are important, Lynch said.

"In a perfect world, or even just 24 months ago when unemployment was at 5.1 percent, (LabCorp) might not have received any incentives" for the project, Lynch said. "But we're at 11 percent unemployment, and for an awful lot of people a \$27,000-per-year job is a wonderful proposition."

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